

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Financial Statements
For year ended June 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

FEB 08 2012

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Financial Statements
For Year Ended June 30, 2011**

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DeSoto Council on the Aging, Inc
Mansfield, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2011

The following discussion and analysis of DeSoto Council on the Aging, Inc. (the Council) financial performance provides an overview of the Council's financial activities for the year ending June 30, 2011. This discussion should be read in conjunction with the Audited Financial Statements, which begin on page 1.

Financial Highlights

- The Council had a net increase in overall net assets of \$139,971 this year.
- Net Capital Assets of the Council decreased by \$8,255.
- No deficit fund balance exists at year-end.
- The unassigned, undesignated fund balance for the Council's General Fund was \$209,984 at year end, which is a \$143,288 increase from the prior year.

How to Use This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 1 and 2) provide information about the activities of the Council as a whole and present a long term view of the Council's finances. The Balance Sheet-Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds and Reconciliations (on pages 3-6) provide information on how services were financed in the short-term as well as what remains for future spending. Budgetary Comparison Schedules for the Council's major funds are on pages 22-26. These schedules compare Original Budget, Final Budget to Actual amounts for the year. The Schedule of Non-Major Special Revenue Funds is on page 27. This schedule reports in more detail the expenses of the non-major funds.

A. The Council as a Whole Using Government-Wide Financial Statements

Our Analysis of the Council's finances as a whole begins on page iii. An important question to ask about the Council's finances is, "What was the impact as a result of the year's activities"? The Statement of Net Assets and Statement of Activities (referred to collectively as the government-wide financial statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose. The Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets is one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other non-financial factors, such as the condition of the Council's capital assets, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include but are not limited to an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include supportive social services, nutritional services, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it received from government grants and contracts, along with donations from the general public, to pay for the services the agency provides to the elderly. The people benefiting from the services are not required to pay for the services received. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The Council does not have any business-type activities. However, the Council does have a paid meal program, and a small monthly fee is charged to seniors who are financially able to pay a portion of the home delivered meal cost. We do not view the fees we charge for these activities as a business-type activity, because we do not recover the full cost of providing the service.

B. Reporting the Council's Special Funds Using Fund Financial Statements

The General Fund is used to account for all financial resources that are not restricted to specific funds. The Council's special funds are either major funds or non-major funds. Major funds are those funds whose revenues, expenses, assets or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is important to present for the Council's financial statement users. The fund financial statements for the Council's major funds are on pages 3 to 6. These reports compare the original and final appropriated budgets to actual budget results for the Council's fiscal year. The Council's major funds are the General Fund, Title IIIC-1 Congregate Meals, Title IIIC-2 Home Delivered Meals, Title IIIB, and Section 18 Transportation. The fund financial statement for the Council's non-major funds is on page 27.

The Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal requirements for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic service it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. The difference between the net assets of governmental activities and fund balances of the governmental funds is reconciled on page 4. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on page 6.

C. Notes to the Financial Statements

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 to 21.

D. Analysis of the Council as a Whole Using Government-Wide Financial Statements

Condensed information on the Council's net assets at June 30, 2011 and 2010:

	2011		2010	
Assets				
Current and other assets	\$ 247,633	69.14%	\$ 105,934	47.33%
Capital assets, net of accumulated depreciation	110,548	30.86%	118,803	52.67%
Total assets	<u>358,181</u>	<u>100.00%</u>	<u>224,737</u>	<u>100.00%</u>
Liabilities				
Accounts payable	29,472	73.07%	34,205	72.99%
Payroll taxes withheld and accrued	1,331	3.30%	1,295	2.76%
Capital lease payable-current	2,231	5.53%	1,830	3.91%
Capital lease payable-non-current	7,299	18.10%	9,530	20.34%
Total liabilities	<u>40,333</u>	<u>100.00%</u>	<u>46,860</u>	<u>100.00%</u>
Net Assets				
Investment in capital assets, net of debt	103,249	32.48%	109,273	60.20%
Restricted-Utility allowance	4,615	1.46%	3,738	2.11%
Unrestricted	209,985	66.06%	64,866	37.69%
	<u>\$ 317,849</u>	<u>100.00%</u>	<u>\$ 177,877</u>	<u>100.00%</u>

As of June 30, 2011, the Council "as a whole" had assets greater than its liabilities by \$317,849.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them.

Condensed information on the Council's change in net assets for the years ended June 30, 2011 and 2010:

	2011	2010
Revenues		
Program revenues		
Operating grants and contributions	\$ 585,557	\$ 569,640
General revenues		
Charges for services	922,701	913,372
Other general revenues	263,195	208,040
Total revenues	<u>1,771,453</u>	<u>1,691,052</u>
Direct Program Expenses of the Health, Welfare and Social Services Function		
Supportive services		
Title IIIB	189,394	186,120
Nutritional services		
Title IIIC-1	103,300	112,593
Title IIIC-2	176,207	149,742
Other services		
Section 18 transportation	173,562	217,851
General fund expenditures	895,361	926,191
Non-major funds	93,657	101,837
Total expenses	<u>1,631,481</u>	<u>1,694,334</u>
Excess (deficiency) of revenues over expenditures	139,972	(3,282)

Fund balance at beginning of year		177,877		181,159
Fund balance at end of year	\$	<u>317,849</u>	\$	<u>177,877</u>

An Analysis of Governmental Activities

Most of the Council's activities are funded by federal, state, and local grants and state fee for service programs. These grants amount to approximately 34% of the revenues of the Council in 2011 and the fee for services other general revenues amounted to approximately 66%. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand service. Public support revenues represented 7% of the total revenues of 2011.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. The Council's largest activities are related to supportive services and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of DeSoto Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.

An Analysis of the Council's Funds Using Governmental Fund Financial Statements

Fund Balances

The Council showed a combined governmental fund balance of \$214,599, at the end of this year, which is an increase of \$144,165 over last year.

Revenues

The combined fund revenues increased \$45,244 this year from last year.

Expenditures

Total expenditures decreased by \$98,031 this year from last year.

An Analysis of Major Revenue Budgets

Over the course of this past fiscal year, the budget was amended.

You can find schedules of the original budgets for the Major Special Revenue Funds in the Supplementary Financial Information Required by GASB Statement 34 Section of this report on pages 22 to 26. When you review the budget versus actual schedule, you will note that the favorable and unfavorable variances are not very large. This is a result of the budget amendment process, which allows us the opportunity to use hindsight to adjust the forecast that was made at the beginning of the year. With only two months left in the fiscal year at the time the budget is amended, the risk of a significant budget overrun is reduced because of our ability to more accurately predict what will occur over a shorter period of time versus a longer period of time.

The Council did not adopt a budget for the General Fund or the Section 18 Transportation fund as there is no legal requirement to do so.

Economic Factors and Next Year's Budgets

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2011, it was important that we deliver at least the same level of service to our clients and the public as we did in 2011. All of the Council's grants and contracts from the usual federal and state agencies have been approved for fiscal year 2012. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year.

Capital Assets and Debt Administration

The Council's investment in capital assets, net of accumulated depreciation of \$205,158 as of June 30, 2011, was \$110,548. See Note 7 for additional information about changes in capital assets during the fiscal year. The following provides a summary of capital asset activity.

Capital Assets	2011	2010
Land	\$ -	\$ 20,000
Building	105,805	105,805
Building improvements	46,710	46,710
Furniture and equipment	75,583	72,775
Vehicles	87,608	113,277
	<u>315,706</u>	<u>358,567</u>
Less: accumulated depreciation	205,158	239,764
Book value-capital assets	<u>\$ 110,548</u>	<u>\$ 118,803</u>
Percentage left to depreciate	<u>35.02%</u>	<u>33.13%</u>

Depreciation expense was \$28,049 for the fiscal year 2011.

Contacting the Council's Management

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact the Council's main office located at 404 Polk Street, Suite A, Mansfield, Louisiana or by phone at 318-872-3700.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana
Statement of Net Assets

June 30, 2011

Assets

Cash	\$ 179,993
Cash - restricted	4,615
Grants and contracts receivable	63,025
Capital assets, net of accumulated depreciation	<u>110,548</u>
Total assets	<u>358,181</u>

Liabilities

Accounts payable	29,472
Payroll taxes withheld and accrued	1,331
Capital lease payable - current	2,231
Capital lease payable - non-current	<u>7,299</u>
Total liabilities	<u>40,333</u>

Net Assets

Invested in capital assets, net of non-current debt	103,249
Restricted - utility assistance	4,615
Unrestricted	<u>209,985</u>
Total net assets	<u>\$ 317,849</u>

The accompanying notes are an integral part of this statement.

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Statement of Activities

For Year Ended June 30, 2011

						Net (Expense) Revenue and Change in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs						
Governmental Activities						
Health, Welfare & Social Services						
Supportive services						
Homemaker	\$ 89,322	\$ 12,379	\$ -	\$ 72,875	\$ -	(\$ 28,826)
Other services	10,311	497	-	5,443	-	(5,365)
Information and assistance	3,582	-	-	2,219	-	(1,363)
Legal assistance	2,950	-	-	2,310	-	(640)
Outreach	32	-	-	-	-	(32)
Transportation	263,562	6,105	-	243,851	36,987	11,171
Nutrition services						
Congregate meals	96,625	7,737	-	68,081	-	(36,281)
Home delivered meals	168,738	7,469	-	96,498	-	(79,709)
Utility assistance	908	-	-	1,783	-	877
Disease prevention and health promotion	7,311	487	-	4,028	-	(3,750)
National family caregiver support						
Respite care	23,908	3,225	-	23,954	-	(3,179)
Medicaid waiver	681,342	42,741	870,749	-	-	146,666
Title XIX medical transportation	128,824	6,911	51,952	-	-	(83,783)
Administration	66,537	-	-	27,528	-	(39,009)
Total governmental activities	<u>\$ 1,543,950</u>	<u>\$ 67,531</u>	<u>\$ 922,701</u>	<u>\$ 548,570</u>	<u>\$ 36,987</u>	<u>(123,223)</u>
General revenues						
Grants and contributions not restricted to specific programs						112,645
Unrestricted investment income						943
Miscellaneous						17,358
Special item - gain on sale of asset						132,251
Total general revenues and special items						<u>263,195</u>
Change in net assets						139,972
Net assets - beginning of the year						177,877
Net assets - end of the year						<u>\$ 317,849</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

DeSoto Council on the Aging, Inc.
Manassah, Louisiana

Balance Sheet - Governmental Funds

June 30, 2011

	General Fund	Title III B	Title III C-1	Title III C-2	Section 18	Non-Major Funds	Total
Assets							
Cash	\$ 179,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,993
Cash - restricted	4,615	-	-	-	-	-	4,615
Grants and contracts receivable	32,852	-	-	-	30,173	-	63,025
Due from other funds	15,711	2,169	2,035	4,847	-	4,615	29,377
Total assets	<u>\$ 233,171</u>	<u>\$ 2,169</u>	<u>\$ 2,035</u>	<u>\$ 4,847</u>	<u>\$ 30,173</u>	<u>\$ 4,615</u>	<u>\$ 277,010</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 19,625	\$ 2,169	\$ 2,035	\$ 4,847	\$ 796	\$ -	\$ 29,472
Payroll taxes payable	1,330	-	-	-	-	-	1,330
Due to other funds	-	-	-	-	29,377	-	29,377
Lease payable	2,231	-	-	-	-	-	2,231
Total liabilities	<u>23,186</u>	<u>2,169</u>	<u>2,035</u>	<u>4,847</u>	<u>30,173</u>	<u>-</u>	<u>62,410</u>
Fund Balances							
Restricted	-	-	-	-	-	4,615	4,615
Unassigned	209,985	-	-	-	-	-	209,985
Total fund balances	<u>209,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,615</u>	<u>214,600</u>
Total liabilities and fund balances	<u>\$ 233,171</u>	<u>\$ 2,169</u>	<u>\$ 2,035</u>	<u>\$ 4,847</u>	<u>\$ 30,173</u>	<u>\$ 4,615</u>	<u>\$ 277,010</u>

The accompanying notes are an integral part of this statement.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

June 30, 2011

Total fund balances per balance sheet - Governmental funds	\$ 214,600
Capital leases not payable out of current financial resources.	(7,299)
Net capital assets used in governmental activities which are not financial resources in the fund statements.	<u>110,548</u>
Net assets of governmental activities	<u><u>\$ 317,849</u></u>

The accompanying notes are an integral part of this statement.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For Year Ended June 30, 2011

	General Fund	Title III B	Title III C-1	Title III C-2	Section 18 Transportation	Non-Major Funds	Total Governmental Funds
Revenues							
Intergovernmental							
Governor's Office of Elderly Affairs	\$ -	\$ 118,829	\$ 60,150	\$ 51,192	\$ -	\$ 148,381	\$ 376,332
DeSoto Parish Police Jury	-	-	-	-	187,884	-	187,884
United Way of America	435	-	-	-	-	-	435
Office of Family Support	3,381	-	-	-	-	-	3,381
DeSoto Parish Council (PCOA)	37,500	-	-	-	-	-	37,500
Public support							
Rent income	9,000	-	-	-	-	-	9,000
Public donations	17,356	-	-	-	-	-	17,356
Utility company assistance	-	-	-	-	-	1,783	1,783
Client contributions	-	11,901	7,931	11,539	8,284	443	40,098
Miscellaneous	4,802	-	-	-	-	-	4,802
Program service fees							
Title XIX medical transportation	51,852	-	-	-	-	-	51,852
Medicaid waiver	870,749	-	-	-	-	-	870,749
Investment income	943	-	-	-	-	-	943
Gain on sale of asset	132,251	-	-	-	-	-	132,251
Total revenues	1,128,369	130,530	68,081	62,731	196,168	148,587	1,734,466
Expenditures							
Health, Welfare, & Social Services							
Personnel	726,798	132,002	51,310	45,515	70,629	47,752	1,074,006
Fringe	60,968	10,154	4,880	3,926	8,569	3,559	89,876
Travel	7,741	15,088	351	10,024	3,713	4,955	41,552
Operating services	49,216	14,516	4,118	3,302	28,456	9,927	109,535
Operating supplies	35,542	14,539	796	5,865	27,016	4,066	87,624
Other costs	5,843	3,115	1,127	7,853	92	22,792	34,822
Meals	-	-	40,818	105,922	-	-	146,840
Utility assistance	-	-	-	-	-	906	906
Capital outlays	5,039	-	-	-	-	-	5,039
Total expenditures	891,167	189,394	103,300	178,207	138,575	93,657	1,560,300
Excess (deficiency) of revenues over expenditures	237,202	(58,864)	(35,219)	(115,476)	59,593	54,930	144,166
Other financing sources (use s)							
Transfers in	300,665	58,864	36,219	113,476	-	31,940	540,164
Transfers out	(394,578)	-	-	-	(59,593)	(85,993)	(540,164)
Total other financing sources (uses)	(93,913)	58,864	36,219	113,476	(59,593)	(54,053)	-
Net increase (decrease) in fund balances	143,289	-	-	-	-	877	144,166
Fund balances							
Beginning of the year	66,696	-	-	-	-	3,738	70,434
End of the year	\$ 209,985	\$ -	\$ -	\$ -	\$ -	\$ 4,615	\$ 214,600

The accompanying notes are an integral part of this statement.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental
Funds to the Statement of Activities**

June 30, 2011

Total net change in fund balances - governmental funds	\$ 144,166
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.	(4,194)
Change in net assets of governmental activities	<u>\$ 139,972</u>

The accompanying notes are an integral part of this statement.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Notes to the Financial Statements

June 30, 2011

Note 1 - Purpose of the Council and Summary of Significant Accounting Policies

a. Purpose of the DeSoto Council on the Aging, Inc. (Council)

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in DeSoto Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the Parish; to provide for a mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people when requested to do so; to coordinate and monitor services of other local agencies serving the aging people of the Parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA); other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Specific services provided by the Council to the elderly residents of DeSoto Parish include providing congregate and home delivered meals, nutritional education, personal care, information and assistance, outreach, material aid, public education and sitter services, utility assistance, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each Parish of Louisiana. However, before the council on aging can begin operations in a specific Parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R.S. 46:1602. The functions of each council on aging in Louisiana must comply with the objectives of state laws and each council is governed by the policies and regulations established by GOEA.

The DeSoto Council on the Aging, Inc. is a legally separate, non-profit, quasi-public corporation. It received its charter and began operations on July 1, 1971.

A Board of Directors, consisting of 13 voluntary members, who serve three-year terms, governs the Council. The Board of Directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected by general membership of the Council. The Board is composed of a balanced representation of the community's composition, having no more than one-half of the board as elected officials.

Membership in the Council is open at all times, without restriction, to all residents of DeSoto Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, the DeSoto Council on the Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in GASB Codification Section 2100, the Council has presented its financial statements as a primary government, because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement 14, the term fiscally independent means that the Council may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. As previously mentioned, GOEA establishes the policies and regulations that all councils must follow. Included in its policies is a provision that the Council's budget be approved by GOEA. However, this approval process is part of GOEA's general oversight responsibility for the Council and is more ministerial or compliance oriented than substantive.

Accordingly, the Council is viewed as being fiscally independent for purposes of applying the reporting entity criteria of GASB Statement 14.

c. Presentation of Statements

The Council's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the Financial Accounting Standards Board (FASB) Codification effective September 15, 2009 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Council has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Council has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Council are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

- Governmental-Wide Financial Statements prepared using full accrual accounting for all of the Council's activities.
- A change in the Fund Financial Statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Council implemented the general provisions of the GASB Statement 34.

d. Basic Financial Statements - Government-wide financial statements

The Council's basic financial statements include both government-wide financial statements (reporting the Council as a whole) and fund financial statements (reporting the Council's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Council's functions and programs have been classified as governmental activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

The Statement of Net Assets is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Council's policy is to use restricted resources first to finance its activities except for nutrition services. When providing nutrition services, revenues earned by the Council under its USDA contract with GOEA can only be used to pay for the raw food component of each meal that is bought and served to a person eligible to receive a meal under one of the nutrition programs. The Council's management has discretion as to how and when to use the USDA revenues when paying for nutrition program costs. Quite often unrestricted resources are available for use that must be consumed or they will have to be returned to GOEA. In such cases, it is better for management to elect to apply and consume the unrestricted resources before using the restricted resources. As a result, the Council will depart from its usual policy of using restricted resources first.

The Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost.

The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

The Council allocates its indirect costs among various functions and programs in accordance with Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "Indirect Expenses." In addition, GOEA provides grant funds to help the Council pay for a portion of its indirect costs. As a result, only the indirect costs in excess of the GOEA funds are allocated to the Council's other functions and programs. The government-wide financial statements focus upon the Council's ability to sustain operations and the change in its net assets resulting from the current year's activities.

e. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types.

A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. Committed means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Assigned fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to restricted fund balances, assigned amounts can be changed at the discretion of management. The following is a description of the governmental funds of the Council:

- **The General Fund** is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A large percentage of the Council's special revenue funds are Title III funds. These funds are provided by the United States Department of Health and Human Services - Administration on Aging to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council.

The Council has established several special revenue funds. The following is a brief description of each special revenue fund's purpose:

Major Special Revenue Funds

The **Title III B Fund** is used to account for funds, which are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for defining a qualifying unit of service for each Title III program. Specific supportive social services, along with the number of units provided during the fiscal year, are as follows:

<u>Service</u>	<u># of Units</u>
Information and assistance	1,462
Outreach	394
Homemaker	5,388
Recreation	5,471
Transportation for people age 60 or older	4,682
Legal assistance	48

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly at meal sites located in Mansfield and surrounding areas. During the year, the Council served 13,109 meals to people eligible to participate in this program. In addition to the meals serviced, the Council also provided 39 units of nutritional education to eligible participants.

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound older persons. Using Title III C-2 funds, the Council served 37,077 meals (including United Way Funds) during the year to people eligible to participate in this program.

The Section 18 - 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Non-urbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes through to the DeSoto Parish Police Jury, who in turn contracts with the Council to operate the program. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within DeSoto Parish. Reports are prepared by the Council for the Police Jury to enable their reporting to the State for reimbursement. When the Jury receives funding from the State they then pay the Council the contracted amount. As part of calculating the operating costs of this program, the Council may apportion some of the in-kind contributions it receives as allowable transportation expenses. This provision results in the Council receiving cash reimbursement for costs they did not actually spend cash for. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

Non-Major Special Revenue Funds

The Title III C Area Agency Administration Fund is used to account for a portion of the indirect costs of administering the Council's programs. Each fiscal year GOEA provides the Council with funds to help pay for the costs of administering the Council's special programs for the elderly. The amount of funding is not enough to pay for all the indirect costs. As a result, the Council will allocate its indirect costs to this fund first. Once the GOEA funds are completely used, any indirect costs, in excess of the funds provided by GOEA, are distributed to other funds and programs using a formula based on the percentage each program's direct costs bear to direct costs for all programs except payroll and fringe benefits which are allocated on time studies.

The Title III D Fund is used to account for funds used for disease prevention and health promotion activities. During the year, 1,468 units of wellness service and 75 units of medication management were provided to eligible participants in this program.

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide a community service center at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The senior centers for DeSoto Parish are located in Logansport, Morning Star, Mansfield, Springhill and Stonewall. Senior Center funds can be used at management's discretion to support any of the Council's programs that benefit the elderly. Accordingly, during the fiscal year, the Senior Center Fund transferred all of its grant revenue to the Title III Funds to subsidize that program's cost of providing supportive services to elderly persons who use the senior center.

The Utility Assistance Fund is used to account for the administration of utility assistance programs that are sponsored by local utility companies. The companies

collect contributions from service customers and remit the funds to the Parish Councils on the Aging to provide assistance to the elderly for the payment of utility bills. The Council receives its donations directly from local utility companies.

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements. The cost allocated to this fund is equal to the GOEA supplement. Excess audit costs have been paid for by the general fund.

The Supplemental Senior Center Fund was established to account for funds that were appropriated by the Louisiana Legislature for the various councils on aging throughout Louisiana to supplement each council's primary grant for senior center operations and activities. The DeSoto Council on the Aging, Inc. was one of the Parish councils to receive a supplemental grant. The money received by this fund during the year was transferred to the Title III Funds to supplement the supportive services provided by this fund. GOEA provided these funds to the Council.

The Title III E Care-giver Fund provides systems of support services for family care-givers and for individuals who are relative care-givers. Providing information and assistance, in-home respite, material aid, outreach, public education, sitter service and support group services.

The Nutritional Services Incentive Fund (NSIP) is used to account for the administration of the Food Distribution Program provided by the United States Department of Agriculture (USDA) through the Governor's Office of Elderly Affairs (GOEA), which in turn "passes through" the funds to the Council. GOEA distributes funds to each parish council on aging in Louisiana based on how many meals each council on aging served in the previous year in relation to the total meals served statewide by all councils. The primary purpose of the NSI reimbursement is to provide money to the Council so that United States produced food and commodities may be purchased to supplement nutrition programs.

Medicare Improvement for Patients and Providers Act (MIPPA) Fund is used to account for funds relating to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in DeSoto Parish, Louisiana with special emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

Other Local Resources are received by the Council from operating a fee for service contract with the Department of Health and Human Services, as well as donations from individuals and businesses.

f. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

A. Accrual Basis – Government-wide financial statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

B. Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Council considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

The exceptions to this general rule are that (1) amounts due on capital leases, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

g. Interfund Activity

Interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. All other interfund transactions are treated as transfers. Transfers represent a permanent reallocation of resources between funds. Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

h. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

i. Investments

GASB Statement 31 requires the Council to report its investments at fair value, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

Investments that include securities traded on a national or international exchange are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council had no investments during the current reporting period.

j. Prepaid Expenses/Expenditures

Prepaid expenses/expenditures include amounts paid for services in advance. These are shown as assets on the Statement of Net Assets. In the fund financial statements, the Council has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the Balance Sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

The Council had no prepaid expense or expenditures during the current reporting period.

k. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year.

When purchased or acquired, these assets are recorded as capital assets in the Statement of Net Assets. In contrast, in the fund financial statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40	Years
Building improvements	20	Years
Equipment	5-7	Years
Computers	3	Years
Vehicles	5	Years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

l. Unpaid Compensated Absences

The Council's policies for vacation time do not permit employees to accumulate earned but unused vacation leave. Accordingly, no liability for the unpaid vacation leave has been recorded in the government-wide financial statements.

The Council's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment. Accordingly, no amounts have been accrued as unpaid compensated absences in the government-wide financial statements relative to sick leave.

m. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the administration function. GOEA provides funds to partially subsidize the Council's administration function. The unsubsidized net cost of the administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

n. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

o. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

p. Deferred Revenues

The Council reports deferred revenues on its Statement of Net Assets and on the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. The Council had no deferred revenue during the current reporting period.

q. Budget Policy

The Council followed the procedures below in establishing budgetary data reflected in these financial statements. The GOEA and other funding agencies notify the Council each year as the funding levels available for their respective programs. Management of the Council prepares a proposed budget base on the funding levels provided and submits to the Council's Board of Directors for approval. The Board reviews and adopts budget for the next year. The adopted budget is forwarded to the GOEA or other funding agency for final approval. The Council submits a final or "red line" budget at or near the end of the year reflecting more closely the actual results through the final budget submission date.

r. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the Council's management implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:

Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year-end.

- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

s. New Accounting Pronouncement

Beginning with this fiscal year, the management has adopted the provisions of Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The main financial statement effects, relating to this new accounting standard, are with how the components of the Council's fund balances will be presented on the fund balance sheet and on the presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will be less than in previous years because of the new definition of what constitutes a special revenue fund.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

Note 3 - Cash

The Council maintains a consolidated bank account to deposit most of the monies it collects and to pay its bills. The consolidated bank account is available for use by all funds. The purpose of this consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds. In addition to the consolidated bank account, the Council has a separate bank account to deposit and disburse EFSP funds.

At year-end, the Council's cash balances on the books, was \$184,608 of which \$4,615 was restricted, whereas the related bank cash balances totaled \$204,668. All accounts were substantially less than FDIC insured amount. The difference in the book, and bank balances for cash relates primarily to deposits made and checks written which did not clear the bank accounts by year-end. All bank balances were covered by federal depository insurance. Accordingly, all bank and brokerage firm deposits are classified as a "Category 1" credit risk in accordance with GASB Statement 3.

GASB Statement 3 categorizes deposits into three categories of credit risk:

1. Insured by FDIC or collateralized with securities held by the Council or by its agent in the Council's name. (Category 1)
2. Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name. (Category 2)
3. Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Council's name; or collateralized with no written or approved collateral agreement. (Category 3)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:A-1229 imposes a legal requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Council that the fiscal agent has failed to pay deposited funds upon demand.

Under state law, all bank deposits must be (1) secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent bank, or (2) invested exclusively in instruments backed by the U.S. government. The fair value of the pledged securities plus the federal deposit insurance must always equal or exceed the amount on deposit with the fiscal agent.

Note 4 - Government Grants and Contracts Receivable

Government grants and contracts receivable represent amounts owed to the Council under a grant award or contract with a provider of federal, state, or local funds; such amounts being measurable and available as of year-end.

Government grants and contracts receivable at year-end consist of reimbursements for expenses incurred under the following programs:

Service fees receivable	
PCA programs	\$ 29,709
Title XIX program	2,363
Project Independence	780
Other receivables	
Sec 18	30,173
Total receivables all funds	<u>\$ 63,025</u>

Note 5 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members are reimbursed for any out-of-pocket costs they might incur on behalf of the Council in accordance with the Council's applicable reimbursement policy.

Note 6 - In-Kind Contributions

The Council received various in-kind contributions during the year. No income or expenditures related to in-kind contributions are reflected in these financial statements.

Note 7 - Changes in Capital Assets

A summary of changes in capital assets is as follows:

Assets	Balance as of 6/30/2010	Additions	Disposals	Balance as of 6/30/2011
Land	\$ 20,000	\$ -	(\$ 20,000)	\$ -
Buildings	105,805			105,805
Improvements/Infrastructure	46,710			46,710
Furniture and equipment	72,775	2,808		75,583
Vehicles	113,277	36,987	(82,656)	87,608
	<u>\$ 358,567</u>	<u>39,795</u>	<u>(82,656)</u>	<u>\$ 315,706</u>
Accumulated Depreciation				
Buildings	(49,831)	(2,645)		(52,476)
Improvements/Infrastructure	(30,360)	(2,336)		(32,696)
Furniture and equipment	(46,297)	(413)		(46,710)
Vehicles	(113,277)	(22,655)	62,656	(73,276)
	<u>(239,765)</u>	<u>(28,049)</u>	<u>62,656</u>	<u>(205,158)</u>
Net Capital Assets	<u>\$ 118,802</u>	<u>\$ 11,746</u>	<u>(\$ 20,000)</u>	<u>\$ 110,548</u>

Depreciation was charged to governmental activities as follows:

Administration	\$ 1,202
Nutrition services	
Congregate meals	1,063
Supportative services	
Recreation (Non-priority services)	3,129
Transportation	
Vehicles	22,655
Total depreciation expense for governmental activities	<u>\$ 28,049</u>

Note 8 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

Note 9 - Lease and Rental Commitments

The Council had a capital lease associated with a copier. The terms of the lease require the Council to pay \$328 per month over the term of this lease. The lease term runs from July 18, 2009 to October 18, 2014. Payments including interest are as follows: 2011 - \$3,940; 2012 - \$3,940; 2013 - \$3,940 and 2014 - \$1,313.

Note 10 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of year-end. The Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 11 - Contingencies-Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 12 - Economic Dependency

The Council receives the majority of its revenue through grants and contracts administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and the Louisiana Department of Transportation and Development (DOTD) and the Louisiana Department of Health and Human Services (HHS). The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the next fiscal year.

Note 13 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 14 - Changes in Long-Term Debt

The Council had no long-term debt during the year beginning July 1, 2010, and ending June 30, 2011.

Note 15 - Employer 403(b) Thrift Plan

During the year ended June 30, 2011, the Council participated in a non-contributory tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Council. Employees may make contributions to the plan, which is made of individual accounts for the participating employees, up to the maximum amount allowed by the Internal Revenue Code if they wish.

Note 16- Interfund Receivables and Payables

Because the Council operates most of its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans in the Fund Financial Statements.

A summary of these interfund loans at year end is as follows:

	Due from other funds	Due to other funds
Major funds		
General fund	\$ 15,711	\$ -
Title III B & C funds	9,051	-
Section 18	-	29,377
Non-major funds	-	-
Utility Assistance	4,615	-
	<u>\$ 29,377</u>	<u>\$ 29,377</u>

These loans have been eliminated as a part of the consolidation process in preparing the government-wide financial statements.

Note 17 - Related Party Transactions

There were no related party transactions during the fiscal year.

Note 18 - Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These transfers were eliminated as a part of the consolidation process in preparing the government-wide financial statements.

Interfund transfers to and from are listed by fund for the fiscal year as follows:

	Funds Transferred In									Total
	Title III B	Title III C-1	Title III C-2	Title III D	Title III C-1 AAA	Title III E	Audit	Title XIX	Other Funds	
Funds Transfer Out										
<i>General Fund</i>	\$ 23,339	\$ 11,406	\$ 50,602	\$ 3,092	\$ 3,963	\$ 3,179	\$ 20,570	\$ 83,782	\$ 7,479	\$ 207,412
Senior Center	-	9,319	18,997	-	-	-	-	-	-	28,316
Supp Senior Center	216	5,941	17,608	-	-	-	-	-	-	23,765
PCOA	35,309	1,055	-	658	478	-	-	-	-	37,500
NSIP	-	7,498	26,269	-	-	-	-	-	-	33,767
Total Title III Funds	\$ 58,864	\$ 35,219	\$ 113,476	\$ 3,750	\$ 4,441	\$ 3,179	\$ 20,570	\$ 83,782	\$ 7,479	\$ 330,760
Transfer to General Fund from Sec 18										59,594
Transfer to General Fund from Medicaid Wavier										146,667
Transfer to General Fund from United Way										435
Transfer to General Fund From Other Misc Funds										2,708
Total Fund Transfers										<u>\$ 540,164</u>

Note 19 - Subsequent Events

Management has evaluated subsequent events through December 12, 2011 which is the date the financial statements were available to be issued. There were no events that required disclosure.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - General Fund

For Year Ended June 30, 2011

The Council has no legal obligation to budget this fund.

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - Title III B Fund

For Year Ended June 30, 2011

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 118,629	\$ 118,629	\$ 118,629	\$ -
Public support	13,404	15,021	11,901	(3,120)
Total revenues	132,033	133,650	130,530	(3,120)
Expenditures				
Personnel	125,258	135,418	132,002	3,416
Fringe	10,987	11,948	10,154	1,792
Travel	22,222	14,588	15,068	(480)
Operating services	15,457	17,648	14,516	3,132
Operating supplies	10,736	14,195	14,539	(344)
Other costs	3,500	3,500	3,115	385
Total expenditures	188,140	197,295	189,394	7,901
Excess (deficiency) of revenues over expenditures	(56,107)	(63,645)	(58,864)	4,781
Other Financing Sources (Uses)				
Transfers in	56,107	63,645	58,864	(4,781)
Total other financing sources and (u)ses	56,107	63,645	58,864	(4,781)
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - Title III C-1 Fund

For Year Ended June 30, 2011

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original	Final	GAAP Basis	Favorable (Unfavorable)
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 60,150	\$ 60,150	\$ 60,150	\$ -
Public support	11,668	13,770	7,931	(5,839)
Total revenues	71,818	73,920	68,081	(5,839)
Expenditures				
Personnel	46,503	28,903	51,310	(22,407)
Fringe	4,072	2,550	4,680	(2,130)
Travel	235	89	351	(262)
Operating services	6,457	3,668	4,118	(450)
Operating supplies	284	571	796	(225)
Other costs	1,300	650	1,127	(477)
Meals	69,903	43,000	40,918	2,082
Total expenditures	128,734	79,431	103,300	(23,869)
Excess (deficiency) of revenues over expenditures	(56,916)	(5,511)	(35,219)	(29,708)
Other financing sources (uses)				
Transfers in	56,916	5,511	35,219	29,708
Total other financing sources and (uses)	56,916	5,511	35,219	29,708
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Budgetary Comparison Schedule - Title III C-2 Fund

For Year Ended June 30, 2011

	Budgeted Amounts	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	GAAP Basis	
Revenues				
Intergovernmental				
Governor's Office of Elderly Affairs	\$ 51,192	\$ 51,192	\$ 51,192	\$ -
Public support	10,884	12,829	11,539	(1,290)
Total revenues	62,076	64,021	62,731	(1,290)
Expenditures				
Personnel	34,967	40,811	45,515	(4,704)
Fringe	3,062	3,600	3,926	(326)
Travel	6,228	9,427	10,024	(597)
Operating services	6,003	7,477	3,302	4,175
Operating supplies	5,108	6,716	5,665	1,051
Other costs	1,300	650	1,853	(1,203)
Meals	85,411	100,155	105,922	(5,767)
Total expenditures	142,079	168,836	176,207	(7,371)
Excess (deficiency) of revenues over expenditures	(80,003)	(104,815)	(113,476)	(8,661)
Other financing sources (uses)				
Transfers in	80,003	104,815	113,476	8,661
Total other financing sources and (uses)	80,003	104,815	113,476	8,661
Net increase (decrease) in fund balances	-	-	-	-
Fund balances				
Beginning of year	-	-	-	-
End of year	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

**Budgetary Comparison Schedule - Section 18 (5311) Fund
For Year Ended June 30, 2011**

The Council has no legal obligation to budget this fund.

See Independent Auditor's Report.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

Schedule of Non-Major Special Revenue Funds

For Year Ended June 30, 2011

	Title III C AAA	Title III D	Title III E	Senior Center	FEMA / Utility Assistance	Audit Fund	NISP	Supplemental Senior Center	MIPPA	Dept Health & Hospitals	Total
Revenues											
Intergovernmental											
Governor's Office of Elderly Affairs	\$ 24,552	\$ 4,028	\$ 23,511	\$ 33,762	\$ -	\$ 1,510	\$ 33,767	\$ 23,765	\$ 1,130	\$ 336	\$ 146,361
Public Support											
Utility Company	-	-	-	-	1,783	-	-	-	-	-	1,783
Participant Contributions	-	-	443	-	-	-	-	-	-	-	443
Total revenues	24,552	4,028	23,954	33,762	1,783	1,510	33,767	23,765	1,130	336	148,587
Expenditures											
Personnel	16,980	6,696	19,479	4,597	-	-	-	-	-	-	47,752
Fringe	1,288	825	1,390	56	-	-	-	-	-	-	3,559
Travel	546	6	4,086	17	-	-	-	-	-	-	4,655
Operating services	8,509	134	868	418	-	-	-	-	-	-	9,927
Operating supplies	1,670	117	1,310	551	-	-	-	-	418	-	4,066
Other costs	-	-	-	-	-	22,080	-	-	712	-	22,792
Utility assistance	-	-	-	-	906	-	-	-	-	-	906
Total expenditures	28,993	7,778	27,133	5,637	906	22,080	-	-	1,130	-	93,657
Excess (deficiency) of revenues over expenditures	(4,441)	(3,750)	(3,179)	28,125	877	(20,570)	33,767	23,765	-	336	54,930
Other financing sources (uses)											
Transfers in	4,441	3,750	3,179	-	-	20,570	-	-	-	-	31,940
Transfers out	-	-	-	(28,125)	-	-	(33,767)	(23,765)	-	(336)	(85,993)
Total other financing sources and uses	4,441	3,750	3,179	(28,125)	-	20,570	(33,767)	(23,765)	-	(336)	(54,053)
Net increase (decrease) in fund balances	-	-	-	-	877	-	-	-	-	-	877
Fund balances											
Beginning of the year	-	-	-	-	3,738	-	-	-	-	-	3,738
End of the year	\$ -	\$ -	\$ -	\$ -	\$ 4,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,615

See Independent Auditor's Report.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

Comparative Schedule of General Fixed Assets and Changes in General Fixed Assets

For Year Ended June 30, 2011

	Beginning Balance	Additions	Deletions	Ending Balance
General fixed assets				
Land	\$ 20,000	\$ -	\$ 20,000	\$ -
Building	105,805	-	-	105,805
Building improvements	46,710	-	-	46,710
Furniture, fixtures and equipment	72,775	2,808	-	75,583
Vehicles	113,277	36,987	62,656	87,608
Total general fixed assets	\$ 358,567	\$ 39,795	\$ 82,656	\$ 315,706
Investment in general fixed assets				
Property acquired with funds from				
AAA	\$ 228	\$ -	\$ -	\$ 228
Title III B	99	-	-	99
Title III C - I	99	-	-	99
Title III C - II	73	-	-	73
Title III D	1,127	-	-	1,127
Donations	6,134	33,456	-	39,590
Club	25,900	-	-	25,900
Sec 18	57,495	3,531	5,374	55,652
Senior Center	767	-	-	767
Local Sources	266,645	2,808	77,282	192,171
Total investment in general fixed assets	\$ 358,567	\$ 39,795	\$ 82,656	\$ 315,706

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DeSoto Council on the Aging, Inc., as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DeSoto Council on the Aging, Inc.'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of DeSoto Council on the Aging, Inc. as of June 30, 2011, the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Council has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the DeSoto Council on the Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through v and 22 through 26, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The supplementary financial information required by the Governor's Office of Elderly Affairs (GOEA), are not a required part of the basic financial statements but are supplementary information required by the

GOEA. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Council on the Aging, Inc.'s financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and the fixed assets schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of fixed assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial, and, accordingly, we do not express an opinion or provide any assurance on them.

Roberts, Cherry and Company
ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 12, 2011

ROBERTS, CHERRY AND COMPANY

Certified Public Accountants, Consultants

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Board of Directors
DeSoto Council on the Aging, Inc.
Mansfield, Louisiana

We have audited the financial statements of DeSoto Council on the Aging, Inc. (a nonprofit quasi-governmental entity) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DeSoto Council on the Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DeSoto Council on the Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

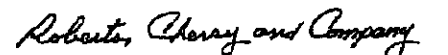
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeSoto Council on the Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and federal awarding agencies and Legislative Auditor, State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document when published on their website.


ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 12, 2011

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For Year Ended June 30, 2011

We have audited the basic financial statements of the DeSoto Council on the Aging, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

Section I – Summary of Auditor's Report

Type of auditor's report issued on the basic financial statements: **Unqualified Opinion**

Internal control over financial reporting:

- Material weakness identified? **No**
- Significant deficiencies identified that are not considered material weaknesses? **No**

Noncompliance material to the basic financial statements noted? **No**

Federal awards **N/A**

Section II – Financial Statement Findings

None in current year.

**DeSoto Council on the Aging, Inc.
Mansfield, Louisiana**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For Year Ended June 30, 2011

Finding 2010-1 (Year of origination – 2009)

Statement of Condition: The Council's internal control policy and procedure requiring that all vendor checks along with supporting documentation be reviewed and signed by two people, one of the two authorized check signers who are members of management and one of the two board members who are authorized check signers, was not followed in all instances.

Current Status: Resolved

Finding 2010-2 (Year of origination – 2009)

Statement of Condition: The Council employed relatives of the Executive Director in violation of the Council's Policy and Procedures Manual, Section – Employing "Family Members", as well as an apparent violation of Louisiana Revised Statute 42:1119, concerning nepotism; and in amounts that appear unreasonable and unsupported based on time records and therefore in violation of OMB Circular A -122.

Current Status: - Resolved